

**U.S. DEPARTMENT OF COMMERCE
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**Fact Sheet: Exclusion of Products from
Safeguard on Steel Products and Automatic
Adjustment of the Remedy**

Background on Review of Product Exclusion Requests

- \$ On March 5, 2002, the President decided to impose temporary safeguards on imports of steel products as a result of the Section 201 investigation of steel products.
- \$ The President instructed the USTR to complete its deliberations on exclusion requests pending at the time, and to consider new exclusion requests to be announced in March of each year in which the safeguard is in effect.
- \$ The USTR published preliminary procedures for the annual consideration of exclusion requests in the Federal Register on June 3, 2002. The USTR then published further procedures for the consideration of such requests in the Federal Register on November 19, 2002 and December 31, 2002.
- \$ Under these procedures, parties were required to submit product exclusion requests with the USTR and the Department of Commerce by December 10, 2002.
- \$ In November of 2002, the Department of Commerce and the USTR held a public meeting and teleconference to explain the exclusion process to small businesses and other consumers. The Department of Commerce and the USTR subsequently held a series of meetings beginning in February to discuss individual exclusion requests with both requesting and objecting parties.

Details of Product Exclusions Announced

- \$ Today's announcement will result in the exclusion of 295 products. A total of 661 exclusion requests were received.
- \$ Out of the 295 exclusion requests granted, 208 of those requests did not receive any objections from the domestic steel industry.
- \$ The products to be excluded cover a broad range of steel products (including plate products, hot-rolled products, cold-rolled products, corrosion-resistant products, tin mill products, pipe and tube, flanges and stainless steel products) from numerous countries. Many of the exclusions granted were for small-volume niche products.
- \$ The requests to exclude these products were submitted by U.S. steel consumers, as well as from foreign steel producers from a number of countries.
- \$ Exclusions were granted when the factual record showed that steel consumers were not able to obtain the required products for their needs because domestic mills do not currently produce the product in sufficient quantity and that no domestic product was available that could serve as a functional substitute. With respect to all exclusions that were granted, USTR and Commerce determined that granting the exclusion would not undermine the steel safeguard's relief.
- \$ In order to avoid undermining the effect of the steel safeguard remedy, many of these exclusions are subject to volume caps less than the amounts imported in 2001. Other than the exclusions subject to volume caps, the actual volume of imports covered by the exclusions will depend upon supply and demand in the steel market and end-user requirements.
- \$ A complete description of the excluded products will be published in the Federal Register by March 31, 2003.
- \$ A total of 727 products were also previously excluded from the safeguard last year.

Basis for Consideration of Product Exclusion Requests

- Neither U.S. law nor our WTO obligations require excluding products from the safeguard on steel products.
- The purpose of granting product exclusions is to ensure that U.S. steel consumers can obtain steel products that are not currently available in sufficient quantities from domestic sources.
- The President also clearly stated that we would not grant exclusions that would

undermine the steel safeguard.

- These standards were the sole bases for judging each exclusion request case-by-case.
- In analyzing exclusion requests, the Department and USTR considered: (1) whether the product is currently being produced in the United States; (2) whether substitution of the product is possible; (3) whether qualification requirements affect the requestor's ability to use domestic products; (4) inventories; (5) whether the requested product is under development by a U.S. producer who will imminently be able to produce it in marketable quantities; and (6) any other relevant factors.
- We carefully considered all parties' information and, where necessary, actively consulted with them before determining whether to grant each exclusion request.
- This was a difficult and technical process, requiring the analysis of an enormous amount of information regarding U.S. consumers' product needs and U.S. producers' production capabilities.

Annual Consideration of Exclusion Requests

\$ The next round of consideration of exclusion requests will be initiated in November 2003 and completed by March 2004. The steel safeguard remedy is then scheduled to terminate in March 2005.

Adjustment of Steel Safeguard Remedy

\$ In accordance with U.S statutory and World Trade Organization requirements, the steel safeguard remedy was automatically adjusted on March 20, 2003 to the levels proscribed in the President's March 5, 2002 proclamation.

\$ The remedy was adjusted as follows:

Product	Remedy Until March 20, 2003	Remedy as of March 20, 2003
Flat Products: Slab	5.4 million short tons tariff rate quota with over quota tariff of 30%	5.9 million short tons tariff rate quota with over quota tariff of 24%
Flat Products: Plate, Hot-rolled Steel, Cold-rolled Steel, Coated Steel	30% tariff	24% tariff
Tin Mill Products	30% tariff	24% tariff

Hot-rolled Bar	30% tariff	24% tariff
Cold-finished Bar	30% tariff	24% tariff
Rebar	15% tariff	12% tariff
Welded Pipe & Tube	15% tariff	12% tariff
Carbon/Alloy Flanges & Fittings	13% tariff	10% tariff
Stainless Steel Bar	15% tariff	12% tariff
Stainless Steel Rod	15% tariff	12% tariff
Stainless Steel Wire	8% tariff	7% tariff

\$ The remedy will be likewise adjusted again in March 2004.

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